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MEMORANDUM FOR THE FILES

29 May 1951

SUBJECT: Fiscal Year Adjustments

REFERENCE: TS Cable No. 3463 from Manila to Sec/State for Treasury,
received 4 May 1951

1. The American Embassy in Manila, together with ECA, Treasury and Army, is negotiating financial assistance to be given by the United States to the Philippines under the Mutual Defense Aid Pact. Apparently, negotiations have arrived at a point where everything depends on the precise amount of money to be available to assist the Philippines in supporting the military part of their budget. Consequently, Army has asked that \$10,000,000 be allocated to the Chief, ADV, JUSMAG in the Philippines, with assurance that these funds would not revert to the Treasury.

2. It is felt dependence cannot be put on the position of the Legislative Branch towards making funds available after 30 June. It is clear from the message that actual expenditures from the \$10,000,000 will not be made until Fiscal Year '52 but that they are asking for an allocation of '51 funds.

3. I have asked the Cable Center to keep an eye on the reply to this request as I think it might be interesting to see the approach of the Treasury Department to such a problem.

4. Since the \$10,000,000 would be spent either for purchase of pesos for Philippine importers or for direct purchase of pesos or for dollar purchases by the Philippine Procurement Mission in New York, I can see how it may be possible to work out an obligation of Fiscal Year '51 funds which might be acceptable to the Comptroller General.

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LAWRENCE R. HOUSTON
General Counsel

cc: Comptroller (Cyg No. 2)

State Dept. review completed

ARMY Review Completed

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